

# ADE DAILY NEWS CLIPS

June 4, 2013

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## **Danville superintendent to join Education Department (Arkansas Democrat-Gazette)**

LITTLE ROCK — The superintendent of the Danville School District has accepted a new job in the Arkansas Department of Education.

Arkansas Education Commissioner Tom Kimbrell announced Tuesday that Mike Hernandez will serve as the department's new assistant commissioner of fiscal services. Hernandez assumes his new duties July 1.

He is now superintendent at Danville and has previously served as a high school principal in Yell County. Hernandez has also worked as a math teacher at Fountain Lake High School, Hot Springs Middle School and Danville High School.

Hernandez holds a bachelor's degree in biology and a master's degree in mathematics education. He is in the doctoral program at Harding University.

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## **Retiree fund fires investment firm (Arkansas Democrat-Gazette)**

The trustees for the Arkansas Teacher Retirement System on Monday decided to fire an investment manager who has managed about \$460 million in domestic stock market investments for the system.

Officials for the system and its Chicago-based investment consultant Hewitt Ennis Knupp recommended that the trustees fire ICC Capital Management Inc, which has offices in Orlando, Fla., Walnut Creek, Calif., and New York.

Hewitt Ennis Knupp has become increasingly uncomfortable with ICC Capital Management Inc. "given a lack of depth and support surrounding" ICC

Capital Management President Andy Richey, who is the system's primary portfolio manager with the company, Hewitt Ennis Knupp officials said in a written report to the trustees.

System Executive Director George Hopkins put it bluntly: "If Andy died in a carwreck ... he has no back up."

Hewitt Ennis Knupp officials said the performance of the firm's investment portfolio for the system has been disappointing during the past few years compared with its "impressive long-term track record."

Afterward, Hopkins said the system plans to shift its funds managed by ICC Capital Management to the New York-based Black Rock U.S. Equity Index Fund.

The trustees voted to terminate ICC Capital Management after they approve devising the system's investment allocation policy to cut its target for its domestic stock market investments from 25 percent to 20 percent of its portfolio in a move system officials said is aimed at further diversifying the portfolio. The system's investments total about \$13 billion, said Hopkins.

The target for the system's global stock market investments will remain at 30 percent of the portfolio, the target for bond investments will stay at 20 percent, and the target for private equity investments will continue to be 10 percent.

The new policy creates two new asset classes - "real assets" with a 15 percent target and "opportunistic and alternatives" with a 5 percent target - and folds two asset classes - "real estate" with a 10 percent target and "alternatives" with a 5 percent target - into the new asset classes. The real assets will include real estate, farmland, timberland and infrastructure. The opportunistic and alternative investments will include hedge funds, commodities, currencies and other similar investments.

Cutting the percentage of the system's investments in the domestic stock market will be done incrementally over several years as the circumstances warrant, Hopkins told the trustees.

The trustees also voted Monday to invest up to \$50 million in a hedge fund called the Brevan Howard Master Fund and managed by Geneva, Switzerland-based Brevan Howard.

They also voted to invest up to \$25 million in a private equity fund called Lime Rock Resources III L.P., and managed by Houston-based Lime Rock Resources. Lime Rock focuses on acquiring and becoming the production operator of well-established oil and gas properties, said Hopkins.

The trustees also decided to invest up to \$30 million in a real estate fund called Torchlight Debt Opportunity Fund IV and managed by New York-based Torchlight Investors. The fund is focusing on real estate debt investments in the private and public markets, said Hopkins.

They voted to assign a system timberland-manager contract currently held by RMK Timberland Group from Regions Bank to BTG Pactual, a large investment banking group from Brazil. Hopkins said Regions Bank is selling RMK Timberland Group to BTG Pactual to concentrate on its core banking business, and the same team in Atlanta will manage the system's timber portfolio under the new owner.

The trustees also learned that the system has purchased the 3,125-acre Dundy farm in Dundy County, Neb., for \$11.8 million. The farm will produce corn, lightred kidney beans, wheat and popcorn. In total, the system has 15,399 acres of farmland that cost \$62.6 million.

In a move that Hopkins estimated would cost the system about \$30 million in the next fiscal year, the trustees decided to pay a 6 percent interest rate on about \$500 million in deferred retirement plan accounts.

Hopkins told the trustees that they could set the interest rate between 2 percent and 6 percent, and they would set the rate at 6 percent if they followed their historical practice. The system's investment return as of March 31 was 12 percent and the trustees have used the investment return on that day as a gauge for setting the interest rate for deferred retirement plan accounts in the past, he said.

Afterward, he estimated that it would have cost the system \$10 million to pay a 2 percent interest rate on these accounts.

As of June 30, 2012, the system's actuary projected it would take more than 100 years for the system to pay off its unfunded liabilities of \$4.6 billion.

Hopkins said system officials estimate the system's investments have gained \$2 billion in value since July 1 and they have paid out about \$350 million to \$400 million of that in retirement benefits. He said he expects the system's projected number of years to pay off its unfunded liabilities to be cut substantially on June 30.

The system has 71,195 working members with an average age of 45, average service of 10.1 years and average annual salary of \$34,362, according to actuary Gabriel, Roeder, Smith & Co. of Southfield, Mich. The system also has 34,160 retired members with annual benefits of \$709 million, or an average benefit of \$20,755 annually, and 4,432 deferred retirement participants with an annual payroll of \$268 million.

System employers pay about \$400 million into the system, and system members pay about \$120 million a year into the system.

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### **Principal, Asst. Principal Suspended From PCSSD School (KARK, Channel 4)**

Video available at [http://arkansasmatters.com/fulltext?nxd\\_id=668882](http://arkansasmatters.com/fulltext?nxd_id=668882)

JACKSONVILLE, AR -- The Pulaski County Special School District has suspended Jacksonville Middle School principal Dr. Don Booth and assistant principle Sharon Hawk.

PCSSD is conducting separate, unrelated investigations into both. The district has not elaborated on why Booth and Hawk were suspended, but is looking into both for separate allegations.

Because the investigations are ongoing, the district will not reveal what led to the suspensions.

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### **Clarendon High Schoolers Get Trip to New York City (KARK, Channel 4)**

Video available at [http://arkansasmatters.com/fulltext?nxd\\_id=668692](http://arkansasmatters.com/fulltext?nxd_id=668692)

CLARENDON, AR -- The 11th graders from Clarendon High School are on a very special class trip.

Monroe County has been declared one of the poorest counties in the United States, but that did not stop a group of math teachers from raising over \$42,000 to reward the students who scored high marks on the state achievement test with a trip to New York.

During the trip they'll see a Broadway show, visit the 9/11 memorial and tour Columbia University.

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### **Help your kids fight the 'summer slide' (KTHV, Channel 11)**

Video available at <http://www.thv11.com/news/story.aspx?storyid=267745>

LITTLE ROCK, Ark. (KTHV) -- Parents, now is the time for you to start thinking about summer tutoring for your kids.

It can help your child avoid the "summer slide", when they forget skills from the previous school year.

Bryan Redditt with the Huntington Learning Center is here with tips for keeping kids sharp.

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### **Sales tax collections boost Ark. revenue in May (KATV, Channel 7)**

LITTLE ROCK, Ark. (AP) - Arkansas finance officials say a boost in sales tax collections helped keep the state's revenue above expectations last month.

The Arkansas Department of Finance and Administration said Tuesday the state's net available revenue in May totaled \$334.2 million. That's \$2 million below the same month last year, but \$8.4 million above forecast.

The state's year-to-date revenue total \$4.4 billion, which is \$172.4 million above forecast. Arkansas' fiscal year ends June 30.

The revenue in May was mainly driven by sales tax collections, which totaled \$183.9 million. That's \$12 million above last year and \$4.7 million above forecast.

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### **Board Members Tour 'Amazing' Classroom Building (nwaonline.com)**

FAYETTEVILLE — Fayetteville School Board members got their first look Monday at the new classroom space at Fayetteville High School that is expected to be completed by the start of the new school year in August.

"Amazing" and "awesome" were just two words uttered by school board members as they walked through the three-story facility under construction where the Bulldog Gymnasium sat just over a year ago. The gym was demolished to make way for the building.

The board members also walked through the second and third floor space that will be the Matthew Moore Memorial Library, named in honor of a Fayetteville High School student who died several years ago in a traffic accident.

"We're on track," said Phil Jones, project executive with construction manager Nabholz Construction Services. The building is scheduled for completion by Aug. 19.

A seminar room, with seating for 176 students, and new spaces for the vocational agriculture program are among the features of the new building. The three-story building also features flexible learning spaces, digital and open project labs, art classrooms, science and engineering labs and labs for agribusiness and animal science.

The agriculture program is one of the most popular with more than 400 students at the high school. It is now housed in facilities at the former West Campus Technical Center on Old Farmington Road.

Steve Jacoby, principal at the high school, attributed the popularity of the program to the classroom teachers and a renewed “love of the land.”

The high school is in the midst of launching small learning communities to give more focus to potential career opportunities and the education requirements for those interest. Each of the communities will be assigned a floor in the building.

Meanwhile work started Monday on the renovation and remodeling of the existing building from the current Bulldog Lobby to the west where the old building meets the new building. One of the first steps is the removal of the brick exterior, said Jarod Brown, a senior project manager with Nabholz. The brick will be replaced with an exterior matching the exterior covering the new building.

There will be courtyard installed between the old and new buildings, Brown said.

During the renovation of that section, some 80 staff members, including administrators and teachers have been relocated to the east end of the original building or will be in the new building come August, Jacoby said.

Some 200 old student desks that won't be used in the new building were outside the high school Monday awaiting pickup today by the Huntsville School District. David Tate, maintenance director, said the desks were first offered to the Moore, Okla., school district, which declined the offer because of the lack of storage space. Other school districts also were contacted and Huntsville indicated they could use the desks, Tate said.

The total transformation project will cost about \$95 million, when completed in 2015. Lisa Morstad, chief financial officer, told board members last week that \$72 million of the project will have been paid by the end of the current fiscal year, which ends June 30.

The remaining expenditures total about \$23 million and will be paid over the next two years.

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## **School District May Get More Resource Officers ([nwaonline.com](http://nwaonline.com))**

SPRINGDALE— Schools in Springdale will be safer if a resolution to add four more resource officers is passed by the city council, according to Derek Hudson, public information officer with the police department.

The resolution was referred to the city council by the police and fire committee at Monday's committee meeting with the recommendation for it to pass.

If the resolution passes through the council it will allow the school district to have four more school resource officers, Hudson said. The school district currently has one at each high school and junior high. The resolution would allow each middle school in Springdale to have a school resource officer as well, he said.

"We think one of the best ways to keep our kids safe is to get SROs in our schools," he said.

The four school resource officers would be able to provide safety and security at the middle schools with their presence on the campuses, Hudson said. School resource officers also act as role models and mentors for students, he said.

"It builds relationships," said Kathy O'Kelley, police chief.

The four prospective resource officers have already been selected from the police department's staff, O'Kelley said at the meeting. The police department would hire new officers to replace those who would become resource officers, she said.

The additional cost of the resource officers for the police department would come from \$475,000 in savings that the police department has mostly from open positions, Hudson said. The school district pays 10 months of the resource officers salaries while the police department pays the other two, he said.

The four new resource officers would cost the police department an additional \$41,460 and the school district an additional \$195,307.56, according to a summary of calculations.

A message left for Gary Compton, assistant superintendent for support services with the school district, wasn't returned by 9:30 p.m. Monday.

Individual income tax collections totaled \$201.1 million, which was \$4.8 million below last year and \$3.8 million above forecast.